



Texas Property Tax Lienholders Association

To: House Pensions, Investments & Financial Services Committee

From: Texas Property Tax Lienholders Association (TPTLA)

Date: August 28, 2020

RE: Requirements Under Finance Code Sec. 351.053

The Texas Property Tax Lienholders Association (TPTLA) is a statewide alliance of twelve member companies committed to raising awareness for the property tax loan industry while promoting high standards of behavior among our members. TPTLA members provide the invaluable service of helping property owners pay off their delinquent property taxes when they are unable to do so themselves. Our services are crucial in protecting people against losing their homes and commercial properties, especially during uncertain economic times.

Property tax lenders are regulated under Chapter 351 of the Texas Finance Code and are licensed and regularly audited by the Office of Consumer Credit Commissioner. With the passage of SB 247 in 2013, and the subsequent rulemaking by the agency, the industry is highly structured and regulated ensuring the protection of consumers throughout all financial transactions. For example, the statute and regulations expressly limit the amount a property tax lender may charge, dictate the disclosures it must make to the consumer and determine where business may be conducted. Specifically, Finance Code Sec. 351.053(b) requires a property tax lender to “make, negotiate, arrange and collect property tax loans by mail or online from a *licensed office...*” (emphasis added.)

In response to the COVID-19 pandemic, Governor Abbott issued Executive Order GA-14 and Public Health Disaster Declaration that stated, “all services should be provided through remote telework from home unless they are essential services that cannot be provided through remote telework”. In accordance with the Governor’s executive order, the OCCC issued Advisory Bulletin B20-2 that they will not take an enforcement action under Section 351.053 against licensees that conduct regulated lending activity from unlicensed locations, but that this temporary guidance does not amend the Texas Finance Code. “Rather, it describes certain situations where the OCCC will not take enforcement actions against licensees under the listed provisions related to licensed locations. This guidance is in effect through September 30, 2020.” In compliance with the Governor’s order and the OCCC’s advisory bulletin, employees of our member companies have been successfully working from home.

While conducting business from home over the course of the COVID-19 pandemic, our companies have noticed increased productivity and performance, as well as a presumed positive environmental impact from reducing commuter travel. According to Global Workplace Analytics, a globally recognized authority on workplace strategies, work-from-home improves employee satisfaction, reduces attrition and unscheduled absences, and reduces potential for discrimination by equalizing personalities. Work-from-home has allowed team members to better meet customer needs based on a flexible schedule. Modern technology has allowed for advanced privacy safeguards within the computer systems used by TPTLA members ensuring confidential information is handled appropriately. These increased levels of security provide a benefit to both employees and consumers at no detrimental cost, as most consumers already conduct business via telephone or online.

Unlike other creditors with brick and mortar offices upon which consumers rely to conduct transactions, property tax lenders rarely interact with customers at their licensed offices. 99% of all loan closings are done via mobile notaries, and 99% of all payments are made either electronically or by

check. Consequently, the requirement for all employees to be at the office to presumably provide a high level of service to their customers, is not applicable for property tax lenders. While we do agree a licensed office is essential, we do not believe all employees who originate, process, or service property tax loans should be required to be in the licensed office to conduct such activities.

For these reasons, Texas Property Tax Lienholders Association respectfully requests the committee consider an amendment to Finance Code, Section 351.053 to require at least one employee be present during business hours at each licensed location, and all other employees being able to work outside of the licensed office.